

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
AGRE-00 TRSE-00 /059 W
-----002357 210326Z /13

P R 201737Z JUL 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 2286
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 5603

E.O. 11652: XGDS-3
TAGS: PINT, EAGR, PO
SUBJECT: THE CDS AND THE GOVERNMENT

SUMMARY: THE TOP CDS LEADERSHIP TOLD THE AMBASSADOR
JULY 20 THAT THE CDS VOTE ON THE AGRARIAN REFORM LAW
HAS NOT BEEN DECIDED. TWO TOP PSD BODIES HAVE
FAILED TO AGREE ON THE PARTY'S AGRARIAN REFORM VOTE.
AN ASSEMBLY VOTE MAY BE PUT OFF UNTIL THE GOVERNMENT HAS
ASSURED SUPPORT OR POSSIBILITIES FOR NEGOTIATION ARE
EXHAUSTED. CDS PRESIDENT FREITAS DE AMARAL BELIEVED
THE GOVERNMENT WOULD HAVE TO CONSULT MORE WITH THE
OPPOSITION, WHATEVER THE RESULTS OF THE AGRARIAN REFORM
VOTE. END SUMMARY.

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1. DURING JULY 20 LUNCH WITH AMBASSADOR, CDS PRESIDENT
FREITAS DO AMARAL, VICE PRESIDENT AMARO DA COSTA, AND
SECRETARY-GENERAL BASILIO HORTA ZEROED IN ON THE GOVERNMENT'S
AGRARIAN REFORM PROPOSALS CURRENTLY BEFORE THE ASSEMBLY.
WITH AMARAL LEADING THE WAY, THE CDS LEADERS MADE THE
FOLLOWING POINTS:

(A) AGRARIAN REFORM: THE CDS VOTE ON THE AGRARIAN REFORM LAW HAS NOT YET BEEN DECIDED. CDS APPROVAL WAS DEPENDENT UPON NEGOTIATIONS WITH THE PS. IN NEGOTIATIONS BEGUN EARLY MORNING JULY 20, THE CDS HELD OUT FOR:

- MORE LIMITED CRITERIA FOR DETERMINING PROPERTIES SUBJECT TO NATIONALIZATION.
- ACCEPTANCE OF PROPERTY DIVISIONS IF THEY WERE MADE PRIOR TO INACTMENT OF THE -GONCALVIST" AGRARIAN MEASURES IN JULY 1975.
- ALLOCATION OF INDIVIDUAL "RESERVE RIGHTS" TO EACH OF THE MULTIPLE OWNERS OF LAND.
- A REDUCTION IN BROAD DISCRETIONARY POWERS PROPOSED FOR THE AGRICULTURE MINISTER, AND
- ELIMINATION OF THE STATE' S RIGHT OF PREFERENCE IN LAND TRANSFERS.

ONLY THE LAST PROVISION HAS BEEN ACCEPTED. NEGOTIATIONS WITH THE PS ARE CONTINUING AND AN ASSEMBLY VOTE MAY BE PUT OFF UNTIL THE GOVERNMENT HAS AN ASSURANCE OF SUPPORT, OR UNTIL POSSIBILITIES FOR NEGOTIATIONS ARE EXHAUSTED.

(B) THE PSD AND CAP STANDS: THE PSD POLITICAL COMMITTEE DECIDED EARLY THIS MORNING TO VOTE FOR THE GOVERNMENT'S AGRARIAN REFORM LAW IF THE SOCIALISTS CEDED TO PSD AND CDS DEMANDS ON RESERVE RIGHTS AND ACCEPTED CONFIDENTIAL

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PROPERTY DIVISIONS MADE PRIOR TO JULY 1975. HOWEVER, THE PSD NATIONAL COUNCIL VOTED IN A SESSION LATER JULY 20 TO OPPOSE EVEN IF THESE CONCESSIONS WERE MADE. THE PSD AND CDS ARE KEEPING EACH OTHER FULLY INFORMED BUT THE PSD POSITION IS NOT FIXED BECAUSE OF INTERNAL DISAGREEMENT.

(C) THE HAND OF EANES? IN AN APPARENT ROLE REVERSAL, JOSE CASQUEIRO, PRESIDENT OF THE PORTUGUESE CONFEDERATION OF FARMERS WHICH HAS LED THE OPPOSITION TO THE AGRARIAN REFORM LAW, TOLD THE CDS JULY 19 THAT HE COULD LIVE WITH THE GOVERNMENT PROPOSAL WITH ONLY A FEW ALTERATIONS. CASQUEIRO SAID HIS JUDGMENT WAS INFLUENCED BY THE SANTAREM REGIMENTAL COMMANDER'S POINTED WARNING TO HIM OF DIRE CONSEQUENCES IN RURAL AREAS IF THE BILL WERE REJECTED. BUT THE ANTI-AGRARIAN REFORM SENTIMENT WHIPPED UP BY CASQUEIRO'S ORGANIZATION WOULD MAKE IT DIFFICULT FOR THE CDS TO DO ANYTHING BUT OPPOSE THE AGRARIAN REFORM LEGISLATION.

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C O N F I D E N T I A L SECTION 2 OF 2 LISBON 5603

(D) THE GOVERNMENT HAS FAILED TO CONSULT: MARIO SOARES HAS FAILED TO KEEP HIS COMMITMENT TO CONSULT REGULARLY WITH THE CDS. FREITAS DO AMARAL TOLD PRESIDENT EANES AND SOARES LAST OCTOBER THAT HE WOULD CONSENT TO FOREIGN LOANS AS LONG AS HE WAS INFORMED PRIVATELY OF THE TERMS AND CONDITIONS. THE GOVERNMENT HAS FAILED TO INFORM HIM AND THE CDS WILL HENCEFORTH VOTE AGAINST FOREIGN LOANS UNLESS SUCH CONSULTATIONS ARE HELD. THE CDS AGREES THAT FOREIGN LOANS ARE NECESSARY, BUT REJECTS THE GOVERNMENT'S ARGUMENTS THAT TERMS ARE SO SENSITIVE THAT THE DEMOCRATIC OPPOSITION CANNOT BE INFORMED. THE PSD HAS TAKEN AN EVEN STRONGER POSITION, AND VOWED TO REJECT ALL FOREIGN LOANS UNTIL THE GOVERNMENT PUBLICLY INFORMS THE ASSEMBLY OF THEIR CONDITIONS AND TERMS. THE GOVERNMENT FAILURE TO CONSULT ON FOREIGN LOANS IS CONFIDENTIAL

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SYMPTOMATIC OF ITS FAILURE TO INFORM THE OPPOSITION ON

IMPORTANT LEGISLATIVE MEASURES. THE GOVERNMENT REGULARLY
BEGS LACK OF TIME AND THEN SEEKS OPPOSITION SUPPORT ON
THE BASIS OF "PATRIOTISM."

(E) WHAT NEXT?: IF THE AGRARIAN REFORM VOTE
IS REJECTED THE GOVERNMENT NEED NOT FALL. HOWEVER,
WHETHER THE MEASURE IS APPROVED OR REJECTED, THE
POLITICAL SITUATION WILL HAVE CHANGED QUALITATIVELY
THE GOVERNMENT HENCEFORTH WILL HAVE TO MAKE CONCESSIONS TO
SECURE THE SUPPORT OF OTHER PARTIES. THE COMMUNISTS ARE NO
LONGER INTERESTED IN SUPPORTING THE SOCIALIST
GOVERNMENT; SOARES WILL HAVE TO COME TO TERMS WITH THE
DEMOCRATIC OPPOSITION IF THE GOVERNMENT IS TO SURVIVE. AS THE
PRICE FOR COOPERATION, THE CDS WILL INSIST UPON AN
OVERALL AGREEMENT ENCOMPASSING A SYSTEM OF MUTUAL
CONSULTATIONS, INFLUENCE IN THE INFORMATION MEDIA,
AND A ROLE IN LOCAL ADMINISTRATION.
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Message Attributes

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TAGS: PINT, EAGR, PO, CDS
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